

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE HOUSE BILL 2231

58th Legislature
2003 Regular Session

Passed by the House April 26, 2003
Yeas 60 Nays 38

Speaker of the House of Representatives

Passed by the Senate April 26, 2003
Yeas 38 Nays 11

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Cynthia Zehnder, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 2231** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

PART II - LICENSE FEES

Sec. 201. RCW 46.16.070 and 1994 c 262 s 8 are each amended to read as follows:

(1) In lieu of all other vehicle licensing fees, unless specifically exempt, and in addition to ~~((the excise tax prescribed in chapter 82.44 RCW and))~~ the mileage fees prescribed for buses and stages in RCW 46.16.125, there shall be paid and collected annually for each truck, motor truck, truck tractor, road tractor, tractor, bus, auto stage, or for hire vehicle with seating capacity of more than six, based upon the declared combined gross weight or declared gross weight ~~((thereof pursuant to the provisions of))~~ under chapter 46.44 RCW, the following licensing fees by such gross weight:

DECLARED GROSS WEIGHT	SCHEDULE A	SCHEDULE B
4,000 lbs.	\$ 37.00	\$ 37.00
6,000 lbs.	\$ 44.00	\$ 44.00
8,000 lbs.	\$ 55.00	\$ 55.00
10,000 lbs.	\$ 62.00	\$ 62.00
((12,000 lbs.	\$ 72.00	\$ 72.00
14,000 lbs.	\$ 82.00	\$ 82.00
16,000 lbs.	\$ 92.00	\$ 92.00
18,000 lbs.	\$ 137.00	\$ 137.00
20,000 lbs.	\$ 152.00	\$ 152.00
22,000 lbs.	\$ 164.00	\$ 164.00
24,000 lbs.	\$ 177.00	\$ 177.00
26,000 lbs.	\$ 187.00	\$ 187.00
28,000 lbs.	\$ 220.00	\$ 220.00
30,000 lbs.	\$ 253.00	\$ 253.00
32,000 lbs.	\$ 304.00	\$ 304.00
34,000 lbs.	\$ 323.00	\$ 323.00
36,000 lbs.	\$ 350.00	\$ 350.00
38,000 lbs.	\$ 384.00	\$ 384.00
40,000 lbs.	\$ 439.00	\$ 439.00
42,000 lbs.	\$ 456.00	\$ 546.00
44,000 lbs.	\$ 466.00	\$ 556.00
46,000 lbs.	\$ 501.00	\$ 591.00
48,000 lbs.	\$ 522.00	\$ 612.00
50,000 lbs.	\$ 566.00	\$ 656.00
52,000 lbs.	\$ 595.00	\$ 685.00
54,000 lbs.	\$ 642.00	\$ 732.00
56,000 lbs.	\$ 677.00	\$ 767.00

1	58,000 lbs.	\$	704.00	\$	794.00
2	60,000 lbs.	\$	750.00	\$	840.00
3	62,000 lbs.	\$	804.00	\$	894.00
4	64,000 lbs.	\$	822.00	\$	912.00
5	66,000 lbs.	\$	915.00	\$	1,005.00
6	68,000 lbs.	\$	954.00	\$	1,044.00
7	70,000 lbs.	\$	1,027.00	\$	1,117.00
8	72,000 lbs.	\$	1,098.00	\$	1,188.00
9	74,000 lbs.	\$	1,193.00	\$	1,283.00
10	76,000 lbs.	\$	1,289.00	\$	1,379.00
11	78,000 lbs.	\$	1,407.00	\$	1,497.00
12	80,000 lbs.	\$	1,518.00	\$	1,608.00
13	82,000 lbs.	\$	1,623.00	\$	1,713.00
14	84,000 lbs.	\$	1,728.00	\$	1,818.00
15	86,000 lbs.	\$	1,833.00	\$	1,923.00
16	88,000 lbs.	\$	1,938.00	\$	2,028.00
17	90,000 lbs.	\$	2,043.00	\$	2,133.00
18	92,000 lbs.	\$	2,148.00	\$	2,238.00
19	94,000 lbs.	\$	2,253.00	\$	2,343.00
20	96,000 lbs.	\$	2,358.00	\$	2,448.00
21	98,000 lbs.	\$	2,463.00	\$	2,553.00
22	100,000 lbs.	\$	2,568.00	\$	2,658.00
23	102,000 lbs.	\$	2,673.00	\$	2,763.00
24	104,000 lbs.	\$	2,778.00	\$	2,868.00
25	105,500 lbs.	\$	2,883.00	\$	2,973.00))
26	<u>12,000 lbs.</u>	\$	<u>79.00</u>	\$	<u>79.00</u>
27	<u>14,000 lbs.</u>	\$	<u>90.00</u>	\$	<u>90.00</u>
28	<u>16,000 lbs.</u>	\$	<u>102.00</u>	\$	<u>102.00</u>
29	<u>18,000 lbs.</u>	\$	<u>154.00</u>	\$	<u>154.00</u>
30	<u>20,000 lbs.</u>	\$	<u>171.00</u>	\$	<u>171.00</u>
31	<u>22,000 lbs.</u>	\$	<u>185.00</u>	\$	<u>185.00</u>
32	<u>24,000 lbs.</u>	\$	<u>200.00</u>	\$	<u>200.00</u>
33	<u>26,000 lbs.</u>	\$	<u>211.00</u>	\$	<u>211.00</u>
34	<u>28,000 lbs.</u>	\$	<u>249.00</u>	\$	<u>249.00</u>
35	<u>30,000 lbs.</u>	\$	<u>287.00</u>	\$	<u>287.00</u>
36	<u>32,000 lbs.</u>	\$	<u>346.00</u>	\$	<u>346.00</u>
37	<u>34,000 lbs.</u>	\$	<u>368.00</u>	\$	<u>368.00</u>
38	<u>36,000 lbs.</u>	\$	<u>399.00</u>	\$	<u>399.00</u>
39	<u>38,000 lbs.</u>	\$	<u>438.00</u>	\$	<u>438.00</u>
40	<u>40,000 lbs.</u>	\$	<u>501.00</u>	\$	<u>501.00</u>
41	<u>42,000 lbs.</u>	\$	<u>521.00</u>	\$	<u>611.00</u>
42	<u>44,000 lbs.</u>	\$	<u>532.00</u>	\$	<u>622.00</u>
43	<u>46,000 lbs.</u>	\$	<u>572.00</u>	\$	<u>662.00</u>
44	<u>48,000 lbs.</u>	\$	<u>596.00</u>	\$	<u>686.00</u>

1	50,000 lbs.	\$	647.00	\$	737.00
2	52,000 lbs.	\$	680.00	\$	770.00
3	54,000 lbs.	\$	734.00	\$	824.00
4	56,000 lbs.	\$	775.00	\$	865.00
5	58,000 lbs.	\$	806.00	\$	896.00
6	60,000 lbs.	\$	859.00	\$	949.00
7	62,000 lbs.	\$	921.00	\$	1,011.00
8	64,000 lbs.	\$	941.00	\$	1,031.00
9	66,000 lbs.	\$	1,048.00	\$	1,138.00
10	68,000 lbs.	\$	1,093.00	\$	1,183.00
11	70,000 lbs.	\$	1,177.00	\$	1,267.00
12	72,000 lbs.	\$	1,259.00	\$	1,349.00
13	74,000 lbs.	\$	1,368.00	\$	1,458.00
14	76,000 lbs.	\$	1,478.00	\$	1,568.00
15	78,000 lbs.	\$	1,614.00	\$	1,704.00
16	80,000 lbs.	\$	1,742.00	\$	1,832.00
17	82,000 lbs.	\$	1,863.00	\$	1,953.00
18	84,000 lbs.	\$	1,983.00	\$	2,073.00
19	86,000 lbs.	\$	2,104.00	\$	2,194.00
20	88,000 lbs.	\$	2,225.00	\$	2,315.00
21	90,000 lbs.	\$	2,346.00	\$	2,436.00
22	92,000 lbs.	\$	2,466.00	\$	2,556.00
23	94,000 lbs.	\$	2,587.00	\$	2,677.00
24	96,000 lbs.	\$	2,708.00	\$	2,798.00
25	98,000 lbs.	\$	2,829.00	\$	2,919.00
26	100,000 lbs.	\$	2,949.00	\$	3,039.00
27	102,000 lbs.	\$	3,070.00	\$	3,160.00
28	104,000 lbs.	\$	3,191.00	\$	3,281.00
29	105,500 lbs.	\$	3,312.00	\$	3,402.00

30 Schedule A applies to vehicles either used exclusively for hauling
31 logs or that do not tow trailers. Schedule B applies to vehicles that
32 tow trailers and are not covered under Schedule A.

33 Every truck, motor truck, truck tractor, and tractor exceeding
34 6,000 pounds empty scale weight registered under chapter 46.16, 46.87,
35 or 46.88 RCW shall be licensed for not less than one hundred fifty
36 percent of its empty weight unless the amount would be in excess of the
37 legal limits prescribed for such a vehicle in RCW 46.44.041 or
38 46.44.042, in which event the vehicle shall be licensed for the maximum
39 weight authorized for such a vehicle or unless the vehicle is used only
40 for the purpose of transporting any well drilling machine, air
41 compressor, rock crusher, conveyor, hoist, donkey engine, cook house,

1 tool house, bunk house, or similar machine or structure attached to or
2 made a part of such vehicle.

3 The following provisions apply when increasing gross or combined
4 gross weight for a vehicle licensed under this section:

5 (a) The new license fee will be one-twelfth of the fee listed above
6 for the new gross weight, multiplied by the number of months remaining
7 in the period for which licensing fees have been paid, including the
8 month in which the new gross weight is effective.

9 (b) Upon surrender of the current certificate of registration or
10 cab card, the new licensing fees due shall be reduced by the amount of
11 the licensing fees previously paid for the same period for which new
12 fees are being charged.

13 (2) The proceeds from the fees collected under subsection (1) of
14 this section shall be distributed in accordance with RCW 46.68.035.

15 **Sec. 202.** RCW 46.68.035 and 2000 2nd sp.s. c 4 s 8 are each
16 amended to read as follows:

17 All proceeds from combined vehicle licensing fees received by the
18 director for vehicles licensed under RCW 46.16.070 and 46.16.085 shall
19 be forwarded to the state treasurer to be distributed into accounts
20 according to the following method:

21 (1) The sum of two dollars for each vehicle shall be deposited into
22 the multimodal transportation account, except that for each vehicle
23 registered by a county auditor or agent to a county auditor pursuant to
24 RCW 46.01.140, the sum of two dollars shall be credited to the current
25 county expense fund.

26 (2) The remainder shall be distributed as follows:

27 (a) (~~(23.677)~~) 21.963 percent shall be deposited into the state
28 patrol highway account of the motor vehicle fund;

29 (b) (~~(1.521)~~) 1.411 percent shall be deposited into the Puget Sound
30 ferry operations account of the motor vehicle fund; (~~and~~)

31 (c) 7.240 percent shall be deposited into the transportation 2003
32 account (nickel account); and

33 (d) The remaining proceeds shall be deposited into the motor
34 vehicle fund.

35 **PART III - SALES AND USE TAX**

1 **Sec. 301.** RCW 82.08.020 and 2000 2nd sp.s. c 4 s 1 are each
2 amended to read as follows:

3 (1) There is levied and there shall be collected a tax on each
4 retail sale in this state equal to six and five-tenths percent of the
5 selling price.

6 (2) There is levied and there shall be collected an additional tax
7 on each retail car rental, regardless of whether the vehicle is
8 licensed in this state, equal to five and nine-tenths percent of the
9 selling price. The revenue collected under this subsection shall be
10 deposited in the multimodal transportation account created in RCW
11 47.66.070.

12 (3) Beginning July 1, 2003, there is levied and collected an
13 additional tax of three-tenths of one percent of the selling price on
14 each retail sale of a motor vehicle in this state, other than retail
15 car rentals taxed under subsection (2) of this section. The revenue
16 collected under this subsection shall be deposited in the multimodal
17 transportation account created in RCW 47.66.070.

18 (4) For purposes of subsection (3) of this section, "motor vehicle"
19 has the meaning provided in RCW 46.04.320, but does not include farm
20 tractors or farm vehicles as defined in RCW 46.04.180 and 46.04.181,
21 off-road and nonhighway vehicles as defined in RCW 46.09.020, and
22 snowmobiles as defined in RCW 46.10.010.

23 (5) The taxes imposed under this chapter shall apply to successive
24 retail sales of the same property.

25 ~~((4))~~ (6) The rates provided in this section apply to taxes
26 imposed under chapter 82.12 RCW as provided in RCW 82.12.020.

27 **Sec. 302.** RCW 82.12.020 and 2003 c 5 (EHB 1977) s 2 are each
28 amended to read as follows:

29 (1) There is hereby levied and there shall be collected from every
30 person in this state a tax or excise for the privilege of using within
31 this state as a consumer: (a) Any article of tangible personal
32 property purchased at retail, or acquired by lease, gift, repossession,
33 or bailment, or extracted or produced or manufactured by the person so
34 using the same, or otherwise furnished to a person engaged in any
35 business taxable under RCW 82.04.280 (2) or (7); or (b) any canned
36 software, regardless of the method of delivery, but excluding canned

1 software that is either provided free of charge or is provided for
2 temporary use in viewing information, or both.

3 (2) This tax shall apply to the use of every service defined as a
4 retail sale in RCW 82.04.050 (2)(a) or (3)(a) and the use of every
5 article of tangible personal property, including property acquired at
6 a casual or isolated sale, and including byproducts used by the
7 manufacturer thereof, except as hereinafter provided, irrespective of
8 whether the article or similar articles are manufactured or are
9 available for purchase within this state.

10 (3) The provisions of this chapter do not apply in respect to the
11 use of any article of tangible personal property or service taxable
12 under RCW 82.04.050(2)(a) or (3)(a) purchased at retail or acquired by
13 lease, gift, or bailment if the sale to, or the use by, the present
14 user or his bailor or donor has already been subjected to the tax under
15 chapter 82.08 RCW or this chapter and the tax has been paid by the
16 present user or by his bailor or donor.

17 (4) Except as provided in this section, payment by one purchaser or
18 user of tangible personal property or service of the tax imposed by
19 chapter 82.08 or 82.12 RCW shall not have the effect of exempting any
20 other purchaser or user of the same property or service from the taxes
21 imposed by such chapters. If the sale to, or the use by, the present
22 user or his or her bailor or donor has already been subjected to the
23 tax under chapter 82.08 RCW or this chapter and the tax has been paid
24 by the present user or by his or her bailor or donor; or in respect to
25 the use of property acquired by bailment and the tax has once been paid
26 based on reasonable rental as determined by RCW 82.12.060 measured by
27 the value of the article at time of first use multiplied by the tax
28 rate imposed by chapter 82.08 RCW or this chapter as of the time of
29 first use; or in respect to the use of any article of tangible personal
30 property acquired by bailment, if the property was acquired by a
31 previous bailee from the same bailor for use in the same general
32 activity and the original bailment was prior to June 9, 1961, the tax
33 imposed by this chapter does not apply.

34 (5) The tax shall be levied and collected in an amount equal to the
35 value of the article used or value of the service used by the taxpayer
36 multiplied by the rates in effect for the retail sales tax under RCW
37 82.08.020.

1 **Sec. 303.** RCW 82.12.045 and 1996 c 149 s 19 are each amended to
2 read as follows:

3 (1) In the collection of the use tax on motor vehicles, the
4 department of revenue may designate the county auditors of the several
5 counties of the state as its collecting agents. Upon such designation,
6 it shall be the duty of each county auditor to collect the tax at the
7 time an applicant applies for the registration of, and transfer of
8 title to, the motor vehicle, except in the following instances:

9 (a) Where the applicant exhibits a dealer's report of sale showing
10 that the retail sales tax has been collected by the dealer;

11 (b) Where the application is for the renewal of registration;

12 (c) Where the applicant presents a written statement signed by the
13 department of revenue, or its duly authorized agent showing that no use
14 tax is legally due; or

15 (d) Where the applicant presents satisfactory evidence showing that
16 the retail sales tax or the use tax has been paid by (~~him~~) the
17 applicant on the vehicle in question.

18 (2) The term "motor vehicle," as used in this section means and
19 includes all motor vehicles, trailers and semitrailers used, or of a
20 type designed primarily to be used, upon the public streets and
21 highways, for the convenience or pleasure of the owner, or for the
22 conveyance, for hire or otherwise, of persons or property, including
23 fixed loads, facilities for human habitation, and vehicles carrying
24 exempt licenses.

25 (3) It shall be the duty of every applicant for registration and
26 transfer of certificate of title who is subject to payment of tax under
27 this section to declare upon (~~his~~) the application the value of the
28 vehicle for which application is made, which shall consist of the
29 consideration paid or contracted to be paid therefor.

30 (4) Each county auditor who acts as agent of the department of
31 revenue shall at the time of remitting license fee receipts on motor
32 vehicles subject to the provisions of this section pay over and account
33 to the state treasurer for all use tax revenue collected under this
34 section, after first deducting as (~~his~~) a collection fee the sum of
35 two dollars for each motor vehicle upon which the tax has been
36 collected. All revenue received by the state treasurer under this
37 section shall be credited to the general fund. The auditor's

1 collection fee shall be deposited in the county current expense fund.
2 A duplicate of the county auditor's transmittal report to the state
3 treasurer shall be forwarded forthwith to the department of revenue.

4 (5) Any applicant who has paid use tax to a county auditor under
5 this section may apply to the department of revenue for refund thereof
6 if he or she has reason to believe that such tax was not legally due
7 and owing. No refund shall be allowed unless application therefor is
8 received by the department of revenue within the statutory period for
9 assessment of taxes, penalties, or interest prescribed by RCW
10 82.32.050(3). Upon receipt of an application for refund the department
11 of revenue shall consider the same and issue its order either granting
12 or denying it and if refund is denied the taxpayer shall have the right
13 of appeal as provided in RCW 82.32.170, 82.32.180 and 82.32.190.

14 (6) The provisions of this section shall be construed as cumulative
15 of other methods prescribed in chapters 82.04 to 82.32 RCW, inclusive,
16 for the collection of the tax imposed by this chapter. The department
17 of revenue shall have power to promulgate such rules as may be
18 necessary to administer the provisions of this section. Any duties
19 required by this section to be performed by the county auditor may be
20 performed by the director of licensing but no collection fee shall be
21 deductible by said director in remitting use tax revenue to the state
22 treasurer.

23 (7) The use tax revenue collected on the rate provided in RCW
24 82.08.020(3) shall be deposited in the multimodal transportation
25 account under RCW 47.66.070.

26 **Sec. 304.** RCW 82.08.064 and 2000 c 104 s 3 are each amended to
27 read as follows:

28 (1) A sales and use tax rate change under this chapter or chapter
29 82.12 RCW shall be imposed (~~((1))~~) (a) no sooner than seventy-five days
30 after its enactment into law and (~~((2))~~) (b) only on the first day of
31 January, April, July, or October.

32 (2) Subsection (1) of this section does not apply to the tax rate
33 change in section 301 of this act.

34 **PART IV - MOTOR AND SPECIAL FUEL TAXES**

1 **Sec. 401.** RCW 82.36.025 and 1999 c 269 s 16 and 1999 c 94 s 29 are
2 each reenacted and amended to read as follows:

3 (1) A motor vehicle fuel tax rate of twenty-three cents per gallon
4 ((shall apply)) applies to the sale, distribution, or use of motor
5 vehicle fuel.

6 (2) Beginning July 1, 2003, an additional and cumulative motor fuel
7 tax rate of five cents per gallon applies to the sale, distribution, or
8 use of motor vehicle fuel. This subsection (2) expires when the bonds
9 issued for transportation 2003 projects are retired.

10 **Sec. 402.** RCW 82.38.030 and 2002 c 183 s 2 are each amended to
11 read as follows:

12 (1) There is hereby levied and imposed upon special fuel users a
13 tax at the rate ((computed in the manner provided in RCW 82.36.025 on
14 each)) of twenty-three cents per gallon of special fuel, or each one
15 hundred cubic feet of compressed natural gas, measured at standard
16 pressure and temperature.

17 (2) ((The tax)) Beginning July 1, 2003, an additional and
18 cumulative tax rate of five cents per gallon of special fuel, or each
19 one hundred cubic feet of compressed natural gas, measured at standard
20 pressure and temperature shall be imposed on special fuel users. This
21 subsection (2) expires when the bonds issued for transportation 2003
22 projects are retired.

23 (3) Taxes are imposed ((by subsection (1) of this section is
24 imposed)) when:

25 (a) Special fuel is removed in this state from a terminal if the
26 special fuel is removed at the rack unless the removal is to a licensed
27 exporter for direct delivery to a destination outside of the state, or
28 the removal is to a special fuel distributor for direct delivery to an
29 international fuel tax agreement licensee under RCW 82.38.320;

30 (b) Special fuel is removed in this state from a refinery if either
31 of the following applies:

32 (i) The removal is by bulk transfer and the refiner or the owner of
33 the special fuel immediately before the removal is not a licensee; or

34 (ii) The removal is at the refinery rack unless the removal is to
35 a licensed exporter for direct delivery to a destination outside of the
36 state, or the removal is to a special fuel distributor for direct

1 delivery to an international fuel tax agreement licensee under RCW
2 82.38.320;

3 (c) Special fuel enters into this state for sale, consumption, use,
4 or storage if either of the following applies:

5 (i) The entry is by bulk transfer and the importer is not a
6 licensee; or

7 (ii) The entry is not by bulk transfer;

8 (d) Special fuel is sold or removed in this state to an unlicensed
9 entity unless there was a prior taxable removal, entry, or sale of the
10 special fuel;

11 (e) Blended special fuel is removed or sold in this state by the
12 blender of the fuel. The number of gallons of blended special fuel
13 subject to tax is the difference between the total number of gallons of
14 blended special fuel removed or sold and the number of gallons of
15 previously taxed special fuel used to produce the blended special fuel;

16 (f) Dyed special fuel is used on a highway, as authorized by the
17 internal revenue code, unless the use is exempt from the special fuel
18 tax;

19 (g) Dyed special fuel is held for sale, sold, used, or is intended
20 to be used in violation of this chapter;

21 (h) Special fuel purchased by an international fuel tax agreement
22 licensee under RCW 82.38.320 is used on a highway; and

23 (i) Special fuel is sold by a licensed special fuel supplier to a
24 special fuel distributor, special fuel importer, or special fuel
25 blender and the special fuel is not removed from the bulk transfer-
26 terminal system.

27 ~~((+3))~~ (4) The tax imposed by this chapter, if required to be
28 collected by the licensee, is held in trust by the licensee until paid
29 to the department, and a licensee who appropriates or converts the tax
30 collected to his or her own use or to any use other than the payment of
31 the tax to the extent that the money required to be collected is not
32 available for payment on the due date as prescribed in this chapter is
33 guilty of a felony, or gross misdemeanor in accordance with the theft
34 and anticipatory provisions of Title 9A RCW. A person, partnership,
35 corporation, or corporate officer who fails to collect the tax imposed
36 by this section, or who has collected the tax and fails to pay it to
37 the department in the manner prescribed by this chapter, is personally
38 liable to the state for the amount of the tax.

1 **Sec. 403.** RCW 46.68.090 and 1999 c 269 s 2 and 1999 c 94 s 6 are
2 each reenacted and amended to read as follows:

3 (1) All moneys that have accrued or may accrue to the motor vehicle
4 fund from the motor vehicle fuel tax and special fuel tax shall be
5 first expended for purposes enumerated in (a) and (b) of this
6 subsection. The remaining net tax amount shall be distributed monthly
7 by the state treasurer in ~~((the proportions set forth in (c) through~~
8 ~~(+l+))~~ accordance with subsections (2), (3), and (4) of this
9 ~~((subsection))~~ section.

10 (a) For payment of refunds of motor vehicle fuel tax and special
11 fuel tax that has been paid and is refundable as provided by law;

12 (b) For payment of amounts to be expended pursuant to
13 appropriations for the administrative expenses of the offices of state
14 treasurer, state auditor, and the department of licensing of the state
15 of Washington in the administration of the motor vehicle fuel tax and
16 the special fuel tax, which sums shall be distributed monthly~~((÷)).~~

17 ~~((+e+))~~ (2) All of the remaining net tax amount collected under RCW
18 82.36.025(1) and 82.38.030(1) shall be distributed as set forth in (a)
19 through (j) of this section.

20 (a) For distribution to the motor vehicle fund an amount equal to
21 44.387 percent to be expended for highway purposes of the state as
22 defined in RCW 46.68.130;

23 ~~((+d+))~~ (b) For distribution to the special category C account,
24 hereby created in the motor vehicle fund, an amount equal to 3.2609
25 percent to be expended for special category C projects. Special
26 category C projects are category C projects that, due to high cost
27 only, will require bond financing to complete construction.

28 The following criteria, listed in order of priority, shall be used
29 in determining which special category C projects have the highest
30 priority:

31 (i) Accident experience;

32 (ii) Fatal accident experience;

33 (iii) Capacity to move people and goods safely and at reasonable
34 speeds without undue congestion; and

35 (iv) Continuity of development of the highway transportation
36 network.

37 Moneys deposited in the special category C account in the motor

1 vehicle fund may be used for payment of debt service on bonds the
2 proceeds of which are used to finance special category C projects under
3 this subsection ~~((1)(d))~~ (2)(b);

4 ~~((e))~~ (c) For distribution to the Puget Sound ferry operations
5 account in the motor vehicle fund an amount equal to 2.3283 percent;

6 ~~((f))~~ (d) For distribution to the Puget Sound capital
7 construction account in the motor vehicle fund an amount equal to
8 2.3726 percent;

9 ~~((g))~~ (e) For distribution to the urban arterial trust account in
10 the motor vehicle fund an amount equal to 7.5597 percent;

11 ~~((h))~~ (f) For distribution to the transportation improvement
12 account in the motor vehicle fund an amount equal to 5.6739 percent and
13 expended in accordance with RCW 47.26.086;

14 ~~((i))~~ (g) For distribution to the cities and towns from the motor
15 vehicle fund an amount equal to 10.6961 percent in accordance with RCW
16 46.68.110;

17 ~~((j))~~ (h) For distribution to the counties from the motor vehicle
18 fund an amount equal to 19.2287 percent: (i) Out of which there shall
19 be distributed from time to time, as directed by the department of
20 transportation, those sums as may be necessary to carry out the
21 provisions of RCW 47.56.725; and (ii) less any amounts appropriated to
22 the county road administration board to implement the provisions of RCW
23 47.56.725(4), with the balance of such county share to be distributed
24 monthly as the same accrues for distribution in accordance with RCW
25 46.68.120;

26 ~~((k))~~ (i) For distribution to the county arterial preservation
27 account, hereby created in the motor vehicle fund an amount equal to
28 1.9565 percent. These funds shall be distributed by the county road
29 administration board to counties in proportions corresponding to the
30 number of paved arterial lane miles in the unincorporated area of each
31 county and shall be used for improvements to sustain the structural,
32 safety, and operational integrity of county arterials. The county road
33 administration board shall adopt reasonable rules and develop policies
34 to implement this program and to assure that a pavement management
35 system is used;

36 ~~((l))~~ (j) For distribution to the rural arterial trust account in
37 the motor vehicle fund an amount equal to 2.5363 percent and expended
38 in accordance with RCW 36.79.020.

1 ~~((2))~~ (3) One hundred percent of the net tax amount collected
2 under RCW 82.36.025(2) and 82.38.030(2) shall be distributed to the
3 transportation 2003 account (nickel account).

4 (4) Nothing in this section or in RCW 46.68.130 may be construed so
5 as to violate any terms or conditions contained in any highway
6 construction bond issues now or hereafter authorized by statute and
7 whose payment is by such statute pledged to be paid from any excise
8 taxes on motor vehicle fuel and special fuels.

9 **Sec. 404.** RCW 46.68.110 and 1999 c 269 s 3 and 1999 c 94 s 9 are
10 each reenacted and amended to read as follows:

11 Funds credited to the incorporated cities and towns of the state as
12 set forth in RCW 46.68.090(~~((1)(i))~~) (2)(g) shall be subject to
13 deduction and distribution as follows:

14 (1) One and one-half percent of such sums distributed under RCW
15 46.68.090(2)(g) shall be deducted monthly as such sums are credited and
16 set aside for the use of the department of transportation for the
17 supervision of work and expenditures of such incorporated cities and
18 towns on the city and town streets thereof, including the supervision
19 and administration of federal-aid programs for which the department of
20 transportation has responsibility: PROVIDED, That any moneys so
21 retained and not expended shall be credited in the succeeding biennium
22 to the incorporated cities and towns in proportion to deductions herein
23 made;

24 (2) Thirty-three one-hundredths of one percent of such funds
25 distributed under RCW 46.68.090(2)(g) shall be deducted monthly, as
26 such funds accrue, and set aside for the use of the department of
27 transportation for the purpose of funding the cities' share of the
28 costs of highway jurisdiction studies and other studies. Any funds so
29 retained and not expended shall be credited in the succeeding biennium
30 to the cities in proportion to the deductions made;

31 (3) One percent of such funds distributed under RCW 46.68.090(2)(g)
32 shall be deducted monthly, as such funds accrue, to be deposited in the
33 urban arterial trust account, to implement the city hardship assistance
34 program, as provided in RCW 47.26.164. However, any moneys so retained
35 and not required to carry out the program as of July 1st of each odd-
36 numbered year thereafter, shall be provided within sixty days to the

1 treasurer and distributed in the manner prescribed in subsection (5) of
2 this section;

3 (4) After making the deductions under subsections (1) through (3)
4 of this section and RCW 35.76.050, 31.86 percent of the fuel tax
5 distributed to the cities and towns in RCW 46.68.090(~~((1)(i))~~) (2)(g)
6 shall be allocated to the incorporated cities and towns in the manner
7 set forth in subsection (5) of this section and subject to deductions
8 in subsections (1), (2), and (3) of this section, subject to RCW
9 35.76.050, to be used exclusively for: The construction, improvement,
10 chip sealing, seal-coating, and repair for arterial highways and city
11 streets as those terms are defined in RCW 46.04.030 and 46.04.120; the
12 maintenance of arterial highways and city streets for those cities with
13 a population of less than fifteen thousand; or the payment of any
14 municipal indebtedness which may be incurred in the construction,
15 improvement, chip sealing, seal-coating, and repair of arterial
16 highways and city streets; and

17 (5) The balance remaining to the credit of incorporated cities and
18 towns after such deduction shall be apportioned monthly as such funds
19 accrue among the several cities and towns within the state ratably on
20 the basis of the population last determined by the office of financial
21 management.

22 **Sec. 405.** RCW 82.38.035 and 2001 c 270 s 7 are each amended to
23 read as follows:

24 (1) A licensed supplier shall remit tax on special fuel to the
25 department as provided in RCW 82.38.030(~~((2)(a))~~) (3)(a). On a two-
26 party exchange, or buy-sell agreement between two licensed suppliers,
27 the receiving exchange partner or buyer shall remit the tax.

28 (2) A refiner shall remit tax to the department on special fuel
29 removed from a refinery as provided in RCW 82.38.030(~~((2)(b))~~) (3)(b).

30 (3) An importer shall remit tax to the department on special fuel
31 imported into this state as provided in RCW 82.38.030(~~((2)(c))~~) (3)(c).

32 (4) A blender shall remit tax to the department on the removal or
33 sale of blended special fuel as provided in RCW 82.38.030(~~((2)(d))~~)
34 (3)(e).

35 (5) A dyed special fuel user shall remit tax to the department on
36 the use of dyed special fuel as provided in RCW 82.38.030(~~((2)(e))~~)
37 (3)(f).

1 **Sec. 406.** RCW 82.38.047 and 1998 c 176 s 55 are each amended to
2 read as follows:

3 A terminal operator is jointly and severally liable for remitting
4 the tax imposed under RCW 82.38.030(~~((1))~~) if, in connection with the
5 removal of special fuel that is not dyed or marked in accordance with
6 internal revenue service requirements, the terminal operator provides
7 a person with a bill of lading, shipping paper, or similar document
8 indicating that the special fuel is dyed or marked in accordance with
9 internal revenue service requirements.

10 **Sec. 407.** RCW 46.09.170 and 1995 c 166 s 9 are each amended to
11 read as follows:

12 (1) From time to time, but at least once each year, the state
13 treasurer shall refund from the motor vehicle fund one percent of the
14 motor vehicle fuel tax revenues collected under chapter 82.36 RCW,
15 based on ~~((the))~~ a tax rate ~~((in effect January 1, 1990))~~ of: (a)
16 Nineteen cents per gallon of motor vehicle fuel from July 1, 2003,
17 through June 30, 2005; (b) twenty cents per gallon of motor vehicle
18 fuel from July 1, 2005, through June 30, 2007; (c) twenty-one cents per
19 gallon of motor vehicle fuel from July 1, 2007, through June 30, 2009;
20 (d) twenty-two cents per gallon of motor vehicle fuel from July 1,
21 2009, through June 30, 2011; and (e) twenty-three cents per gallon of
22 motor vehicle fuel beginning July 1, 2011, and thereafter, less proper
23 deductions for refunds and costs of collection as provided in RCW
24 46.68.090. The treasurer shall place these funds in the general fund
25 as follows:

26 ~~((a))~~ (i) Forty percent shall be credited to the ORV and
27 nonhighway vehicle account and administered by the department of
28 natural resources solely for planning, maintenance, and management of
29 ORV recreation facilities, nonhighway roads, and nonhighway road
30 recreation facilities. The funds under this subsection shall be
31 expended in accordance with the following limitations:

32 ~~((i))~~ (A) Not more than five percent may be expended for
33 information programs under this chapter;

34 ~~((ii))~~ (B) Not less than ten percent and not more than fifty
35 percent may be expended for ORV recreation facilities;

36 ~~((iii))~~ (C) Not more than twenty-five percent may be expended for
37 maintenance of nonhighway roads;

1 ~~((iv))~~ (D) Not more than fifty percent may be expended for
2 nonhighway road recreation facilities;

3 ~~((v))~~ (E) Ten percent shall be transferred to the interagency
4 committee for outdoor recreation for grants to law enforcement agencies
5 in those counties where the department of natural resources maintains
6 ORV facilities. This amount is in addition to those distributions made
7 by the interagency committee for outdoor recreation under ~~((d)(i))~~
8 (e)(iv)(A) of this subsection;

9 ~~((b))~~ (ii) Three and one-half percent shall be credited to the
10 ORV and nonhighway vehicle account and administered by the department
11 of fish and wildlife solely for the acquisition, planning, development,
12 maintenance, and management of nonhighway roads and recreation
13 facilities;

14 ~~((c))~~ (iii) Two percent shall be credited to the ORV and
15 nonhighway vehicle account and administered by the parks and recreation
16 commission solely for the maintenance and management of ORV use areas
17 and facilities; and

18 ~~((d))~~ (iv) Fifty-four and one-half percent, together with the
19 funds received by the interagency committee for outdoor recreation
20 under RCW 46.09.110, shall be credited to the nonhighway and off-road
21 vehicle activities program account to be administered by the committee
22 for planning, acquisition, development, maintenance, and management of
23 ORV recreation facilities and nonhighway road recreation facilities;
24 ORV user education and information; and ORV law enforcement programs.
25 The funds under this subsection shall be expended in accordance with
26 the following limitations:

27 ~~((i))~~ (A) Not more than twenty percent may be expended for ORV
28 education, information, and law enforcement programs under this
29 chapter;

30 ~~((ii))~~ (B) Not less than an amount equal to the funds received by
31 the interagency committee for outdoor recreation under RCW 46.09.110
32 and not more than sixty percent may be expended for ORV recreation
33 facilities;

34 ~~((iii))~~ (C) Not more than twenty percent may be expended for
35 nonhighway road recreation facilities.

36 (2) On a yearly basis an agency may not, except as provided in RCW
37 46.09.110, expend more than ten percent of the funds it receives under

1 this chapter for general administration expenses incurred in carrying
2 out this chapter.

3 **Sec. 408.** RCW 46.10.170 and 1994 c 262 s 4 are each amended to
4 read as follows:

5 From time to time, but at least once each four years, the
6 department shall determine the amount of moneys paid to it as motor
7 vehicle fuel tax that is tax on snowmobile fuel. Such determination
8 shall use one hundred thirty-five gallons as the average yearly fuel
9 usage per snowmobile, the number of registered snowmobiles during the
10 calendar year under determination, and ~~((the))~~ a fuel tax rate ~~((in~~
11 ~~effect January 1, 1990))~~ of: (1) Nineteen cents per gallon of motor
12 vehicle fuel from July 1, 2003, through June 30, 2005; (2) twenty cents
13 per gallon of motor vehicle fuel from July 1, 2005, through June 30,
14 2007; (3) twenty-one cents per gallon of motor vehicle fuel from July
15 1, 2007, through June 30, 2009; (4) twenty-two cents per gallon of
16 motor vehicle fuel from July 1, 2009, through June 30, 2011; and (5)
17 twenty-three cents per gallon of motor vehicle fuel beginning July 1,
18 2011, and thereafter.

19 **Sec. 409.** RCW 79A.25.070 and 2000 c 11 s 73 are each amended to
20 read as follows:

21 Upon expiration of the time limited by RCW 82.36.330 for claiming
22 of refunds of tax on marine fuel, the state of Washington shall succeed
23 to the right to such refunds. The director of licensing, after taking
24 into account past and anticipated claims for refunds from and deposits
25 to the marine fuel tax refund account and the costs of carrying out the
26 provisions of RCW 79A.25.030, shall request the state treasurer to
27 transfer monthly from the marine fuel tax refund account an amount
28 equal to the proportion of the moneys in the account representing
29 ~~((the))~~ a motor vehicle fuel tax rate ~~((under RCW 82.36.025 in effect~~
30 ~~on January 1, 1990))~~ of: (1) Nineteen cents per gallon of motor
31 vehicle fuel from July 1, 2003, through June 30, 2005; (2) twenty cents
32 per gallon of motor vehicle fuel from July 1, 2005, through June 30,
33 2007; (3) twenty-one cents per gallon of motor vehicle fuel from July
34 1, 2007, through June 30, 2009; (4) twenty-two cents per gallon of
35 motor vehicle fuel from July 1, 2009, through June 30, 2011; and (5)

1 twenty-three cents per gallon of motor vehicle fuel beginning July 1,
2 2011, and thereafter, to the recreation resource account and the
3 remainder to the motor vehicle fund.

4 **PART V - OPTIONAL LICENSE PLATE FEE**

5 **Sec. 501.** RCW 46.16.233 and 2000 c 37 s 1 are each amended to read
6 as follows:

7 (1) Except for those license plates issued under RCW 46.16.305(1)
8 before January 1, 1987, under RCW 46.16.305(3), and to commercial
9 vehicles with a gross weight in excess of twenty-six thousand pounds,
10 effective with vehicle registrations due or to become due on January 1,
11 2001, all vehicle license plates must be issued on a standard
12 background, as designated by the department. Additionally, to ensure
13 maximum legibility and reflectivity, the department shall periodically
14 provide for the replacement of license plates, except for commercial
15 vehicles with a gross weight in excess of twenty-six thousand pounds.
16 Frequency of replacement shall be established in accordance with
17 empirical studies documenting the longevity of the reflective materials
18 used to make license plates.

19 (2) By November 1, 2003, in providing for the periodic replacement
20 of license plates, the department shall offer to vehicle owners the
21 option of retaining their current license plate numbers. The
22 department shall charge a retention fee of twenty dollars if this
23 option is exercised. Revenue generated from the retention fee must be
24 deposited into the multimodal transportation account.

25 NEW SECTION. **Sec. 502.** A new section is added to chapter 46.16
26 RCW to read as follows:

27 The department shall offer license plate design services to
28 organizations that are sponsoring a new special license plate series or
29 are seeking to redesign the appearance of an existing special license
30 plate series that they sponsored. In providing this service, the
31 department must work with the requesting organization in determining
32 the specific qualities of the new plate design and must provide full
33 design services to the organization. The department shall collect from
34 the requesting organization a fee of one thousand five hundred dollars
35 for providing license plate design services. This fee includes one

1 original license plate design and up to five additional renditions of
2 the original design. If the organization requests the department to
3 provide further renditions, in addition to the five renditions provided
4 for under the original fee, the department shall collect an additional
5 fee of five hundred dollars per rendition. All revenue collected under
6 this section must be deposited into the multimodal transportation
7 account.

8 **PART VI - ACCOUNT CREATION**

9 NEW SECTION. **Sec. 601.** A new section is added to chapter 46.68
10 RCW to read as follows:

11 (1) The transportation 2003 account (nickel account) is hereby
12 created in the motor vehicle fund. Money in the account may be spent
13 only after appropriation. Expenditures from the account must be used
14 only for projects or improvements identified as transportation 2003
15 projects or improvements in the omnibus transportation budget and to
16 pay the principal and interest on the bonds authorized for
17 transportation 2003 projects or improvements. Upon completion of the
18 projects or improvements identified as transportation 2003 projects or
19 improvements, moneys deposited in this account must only be used to pay
20 the principal and interest on the bonds authorized for transportation
21 2003 projects or improvements, and any funds in the account in excess
22 of the amount necessary to make the principal and interest payments may
23 be used for maintenance on the completed projects or improvements.

24 (2) The "nickel account" means the transportation 2003 account.

25 **Sec. 602.** RCW 43.84.092 and 2002 c 242 s 2, 2002 c 114 s 24, and
26 2002 c 56 s 402 are each reenacted and amended to read as follows:

27 (1) All earnings of investments of surplus balances in the state
28 treasury shall be deposited to the treasury income account, which
29 account is hereby established in the state treasury.

30 (2) The treasury income account shall be utilized to pay or receive
31 funds associated with federal programs as required by the federal cash
32 management improvement act of 1990. The treasury income account is
33 subject in all respects to chapter 43.88 RCW, but no appropriation is
34 required for refunds or allocations of interest earnings required by
35 the cash management improvement act. Refunds of interest to the

1 federal treasury required under the cash management improvement act
2 fall under RCW 43.88.180 and shall not require appropriation. The
3 office of financial management shall determine the amounts due to or
4 from the federal government pursuant to the cash management improvement
5 act. The office of financial management may direct transfers of funds
6 between accounts as deemed necessary to implement the provisions of the
7 cash management improvement act, and this subsection. Refunds or
8 allocations shall occur prior to the distributions of earnings set
9 forth in subsection (4) of this section.

10 (3) Except for the provisions of RCW 43.84.160, the treasury income
11 account may be utilized for the payment of purchased banking services
12 on behalf of treasury funds including, but not limited to, depository,
13 safekeeping, and disbursement functions for the state treasury and
14 affected state agencies. The treasury income account is subject in all
15 respects to chapter 43.88 RCW, but no appropriation is required for
16 payments to financial institutions. Payments shall occur prior to
17 distribution of earnings set forth in subsection (4) of this section.

18 (4) Monthly, the state treasurer shall distribute the earnings
19 credited to the treasury income account. The state treasurer shall
20 credit the general fund with all the earnings credited to the treasury
21 income account except:

22 (a) The following accounts and funds shall receive their
23 proportionate share of earnings based upon each account's and fund's
24 average daily balance for the period: The capitol building
25 construction account, the Cedar River channel construction and
26 operation account, the Central Washington University capital projects
27 account, the charitable, educational, penal and reformatory
28 institutions account, the common school construction fund, the county
29 criminal justice assistance account, the county sales and use tax
30 equalization account, the data processing building construction
31 account, the deferred compensation administrative account, the deferred
32 compensation principal account, the department of retirement systems
33 expense account, the drinking water assistance account, the drinking
34 water assistance administrative account, the drinking water assistance
35 repayment account, the Eastern Washington University capital projects
36 account, the education construction fund, the emergency reserve fund,
37 the federal forest revolving account, the health services account, the
38 public health services account, the health system capacity account, the

1 personal health services account, the state higher education
2 construction account, the higher education construction account, the
3 highway infrastructure account, the industrial insurance premium refund
4 account, the judges' retirement account, the judicial retirement
5 administrative account, the judicial retirement principal account, the
6 local leasehold excise tax account, the local real estate excise tax
7 account, the local sales and use tax account, the medical aid account,
8 the mobile home park relocation fund, the multimodal transportation
9 account, the municipal criminal justice assistance account, the
10 municipal sales and use tax equalization account, the natural resources
11 deposit account, the oyster reserve land account, the perpetual
12 surveillance and maintenance account, the public employees' retirement
13 system plan 1 account, the public employees' retirement system combined
14 plan 2 and plan 3 account, the public facilities construction loan
15 revolving account beginning July 1, 2004, the public health
16 supplemental account, the Puyallup tribal settlement account, the
17 regional transportation investment district account, the resource
18 management cost account, the site closure account, the special wildlife
19 account, the state employees' insurance account, the state employees'
20 insurance reserve account, the state investment board expense account,
21 the state investment board commingled trust fund accounts, the
22 supplemental pension account, the Tacoma Narrows toll bridge account,
23 the teachers' retirement system plan 1 account, the teachers'
24 retirement system combined plan 2 and plan 3 account, the tobacco
25 prevention and control account, the tobacco settlement account, the
26 transportation infrastructure account, the tuition recovery trust fund,
27 the University of Washington bond retirement fund, the University of
28 Washington building account, the volunteer fire fighters' and reserve
29 officers' relief and pension principal fund, the volunteer fire
30 fighters' and reserve officers' administrative fund, the Washington
31 fruit express account, the Washington judicial retirement system
32 account, the Washington law enforcement officers' and fire fighters'
33 system plan 1 retirement account, the Washington law enforcement
34 officers' and fire fighters' system plan 2 retirement account, the
35 Washington school employees' retirement system combined plan 2 and 3
36 account, the Washington state health insurance pool account, the
37 Washington state patrol retirement account, the Washington State
38 University building account, the Washington State University bond

1 retirement fund, the water pollution control revolving fund, and the
2 Western Washington University capital projects account. Earnings
3 derived from investing balances of the agricultural permanent fund, the
4 normal school permanent fund, the permanent common school fund, the
5 scientific permanent fund, and the state university permanent fund
6 shall be allocated to their respective beneficiary accounts. All
7 earnings to be distributed under this subsection (4)(a) shall first be
8 reduced by the allocation to the state treasurer's service fund
9 pursuant to RCW 43.08.190.

10 (b) The following accounts and funds shall receive eighty percent
11 of their proportionate share of earnings based upon each account's or
12 fund's average daily balance for the period: The aeronautics account,
13 the aircraft search and rescue account, the county arterial
14 preservation account, the department of licensing services account, the
15 essential rail assistance account, the ferry bond retirement fund, the
16 grade crossing protective fund, the high capacity transportation
17 account, the highway bond retirement fund, the highway safety account,
18 the motor vehicle fund, the motorcycle safety education account, the
19 pilotage account, the public transportation systems account, the Puget
20 Sound capital construction account, the Puget Sound ferry operations
21 account, the recreational vehicle account, the rural arterial trust
22 account, the safety and education account, the special category C
23 account, the state patrol highway account, the transportation 2003
24 account (nickel account), the transportation equipment fund, the
25 transportation fund, the transportation improvement account, the
26 transportation improvement board bond retirement account, and the urban
27 arterial trust account.

28 (5) In conformance with Article II, section 37 of the state
29 Constitution, no treasury accounts or funds shall be allocated earnings
30 without the specific affirmative directive of this section.

31 **PART VII - MISCELLANEOUS**

32 NEW SECTION. **Sec. 701.** Part headings used in this act are not any
33 part of the law.

34 NEW SECTION. **Sec. 702.** If any provision of this act or its

1 application to any person or circumstance is held invalid, the
2 remainder of the act or the application of the provision to other
3 persons or circumstances is not affected.

4 NEW SECTION. **Sec. 703.** Sections 301 through 602 of this act take
5 effect July 1, 2003, and sections 201 and 202 of this act take effect
6 August 1, 2003.

7 NEW SECTION. **Sec. 704.** Section 201 of this act is effective with
8 registrations that are due or will become due August 1, 2003, and
9 thereafter.

10 NEW SECTION. **Sec. 705.** Part V of this act is null and void if
11 House Bill No. 2065 becomes law by June 30, 2003.

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